

## **MINUTES**

### **MONTANA SENATE 57th LEGISLATURE - SPECIAL SESSION COMMITTEE ON FINANCE**

**Call to Order:** By **CHAIR BOB KEENAN**, on August 8, 2002 at 9:00 A.M., in Room 172 Capitol.

#### **ROLL CALL**

**Members Present:**

Sen. Bob Keenan, Chair (R)  
Sen. Tom A. Beck (R)  
Sen. Chris Christiaens (D)  
Sen. John Cobb (R)  
Sen. William Crismore (R)  
Sen. Greg Jergeson (D)  
Sen. Royal Johnson (R)  
Sen. Bea McCarthy (D)  
Sen. Arnie Mohl (R)  
Sen. Linda Nelson (D)  
Sen. Debbie Shea (D)  
Sen. Corey Stapleton (R)  
Sen. Bill Tash (R)  
Sen. Jon Tester (D)  
Sen. Mignon Waterman (D)  
Sen. Jack Wells, Vice Chair (R)  
Sen. Tom Zook (R)

**Members Excused:** None.

**Members Absent:** Sen. Ken Miller (R)

**Staff Present:** Prudence Gildroy, Committee Secretary  
Jon Moe, Legislative Branch

**Please Note:** These are summary minutes. Testimony and discussion are paraphrased and condensed.

**Committee Business Summary:**

Hearing(s) & Date(s) Posted: SB 26, 8/7/2002; SB 27,  
8/7/2002; HB 2, 8/7/2002  
Executive Action: SB 26; SB 27; SB 19; SB 15

{Tape : 1; Side : A}

HEARING ON SB 26

Sponsor: SEN. CHRIS CHRISTIAENS, SD 23, Cascade County

Proponents: None.

Opponents: None.

Opening Statement by Sponsor:

SEN. CHRIS CHRISTIAENS, SD 23, Cascade County, advised the bill was a revenue enhancer. It would transfer the balance of the universal access account to the general fund. The amendments, transferred money from a statutory account, and transferred 90% of the money to the DPHHS budget and 10% to the general fund. The amount of money involved was just under \$680,000. The reason he presented the bill was the money had been sitting for the last four years without being used by the Public Service Commission. If the money had not been earmarked for something and has not been utilized, he thought it appropriate to add to the general fund and to take care of some of the dire needs in Human Services.

Proponents' Testimony:

None.

Opponents' Testimony:

None.

Informational Witnesses:

Mike Strand, Executive Vice-President and General Counsel, Montana Independent Telecommunications Systems, explained that the purpose of the money was to be used to facilitate high speed broadband access to cities and towns across Montana. There had been few if any applicants for the money. He preferred to see the money used for telecommunications purposes but since there had not been many applicants, they would not object to the money be used for the general fund.

CHAIRMAN BOB KEENAN expressed the hope that the money would go for the Medicaid Pharmacy co-pay. He indicated it was close to the amount DPHHS needed for that purpose.

**Questions from Committee Members and Responses:**

**SEN. MIGNON WATERMAN** asked how much money was in the account and the source of the revenue.

**SEN. CHRISTIAENS** advised it came from the universal access with telecommunications.

**SEN. WATERMAN** asked if it was a tax paid with phone bills.

**SEN. CHRISTIAENS** affirmed it was and it was about 25 cents monthly. The amount was \$676,715.

**SEN. TOM ZOOK**, noted that in the original bill, the money went to the general fund. With the amendment that was not the case, so it would not really affect the ending fund balance.

**SEN. CHRISTIAENS** said that was not quite correct as 10% would go to the general fund. The reason it was in a bill rather than a straight amendment was moving the money from the statutory account to the general fund.

**SEN. ZOOK** commented it was a big change in direction and **SEN. CHRISTIAENS** agreed.

**SEN. TOM BECK** asked if there was another universal service program in the electrical side of the bill or was it just telephone.

**SEN. CHRISTIAENS** advised it affected only the telecommunications portion.

**CHAIRMAN KEENAN** advised the amount was \$675,715.

**SEN. WATERMAN** said she had no problem with taking the fund if it hadn't been used for a period of time, but expressed a concern with continuing to assess a fee for a service that doesn't seem to be utilized.

**SEN. CHRISTIAENS** indicated he would leave that up to the wisdom of the next session. It had not been used, and the Public Service Commission had no problem in giving it up. It would be a small decrease and probably appreciated by consumers across the state.

**Closing by Sponsor:**

**SEN. CHRISTIAENS** closed on the bill.

HEARING ON SB 27

Sponsor: SEN. COREY STAPLETON, SD 10, Billings, cited the extent of the cuts that had been made to the School for the Deaf and Blind and said they did not have the flexibility or authority of others. The bill would restore \$56,995.

Proponents: Steve Gettell, Superintendent, School for the Deaf and Blind, Great Falls

Opponents: None

Opening Statement by Sponsor:

Proponents' Testimony:

Steve Gettell, Superintendent, School for the Deaf and Blind, Great Falls, asked for support for the bill. The allocation of money would allow the school to keep their head above water. They would have about \$60,000 in reductions if the bill was approved and if the other amendments in HB 2 stood. The \$60,000 would put them in a tough spot with their education operations budget, but they would not be in a position to have to lay off staff.

Opponents' Testimony:

None.

Questions from Committee Members and Responses:

SEN. WATERMAN asked if anyone was there from the program.

Mr. Gettell, indicated the program director, Chris Kuntz, was aware of the inquiry about the reserve balance.

SEN. WATERMAN asked how much was in the account.

Mr. Gettell said it was about \$730,000.

SEN. WATERMAN asked if it was from a 10 cent a month tax on each line on phone bills and that was confirmed.

SEN. GREG JERGESON asked about the \$60,000 in cuts.

Mr. Gettell indicated the amount would be \$54,000 in cuts with amendments that had already been made to HB 2, if HB 2 was approved as amended.

**SEN. JERGESON** said that would not take into account the 3.5% from the Governor's reductions as well as a 4.5% funds transfer out of the trust fund in that round.

**Mr. Gettell** answered that after all the actions that had taken place, the entire cut including the Governor's cuts and the special session, would be \$54 or \$55,000. Out of their school program, they had a \$130,000 reduction initially. HB 2 amendments restored \$111,000. Reductions in the special session were about \$45,500 in the pay plan reduction and the two global amendments that took out money for travel and supplies bringing the cuts back up to about \$110,000.

**SEN. BEA MCCARTHY** remembered the hearings when the fund was established and the need for it. She asked how much usage the fund had over the last three or four years.

**Mr. Gettell** said he had general information only.

**SEN. WATERMAN** stated she carried a bill that expanded the service to include hearing testing for infants in hospitals. There were indications at that time with rate increases and expanded utilization that there was enough in the fund to avoid an increase in the tax until 2005 or 2007. Her concern regarded forcing a tax increase if the fund was depleted. She concluded they had enough in the fund to operate for the next few years.

**Closing by Sponsor:**

**SEN. STAPLETON** closed on the bill.

**EXECUTIVE ACTION ON SB 27**

**Motion:** **SEN. WATERMAN** moved that SB 27 DO PASS.

**Motion:** **SEN. WATERMAN** moved to CONCEPTUALLY AMEND \$125,000 TO \$56,995.

**SEN. JERGESON**, noted that over the years the unique budget challenges of the School for the Deaf and Blind had not been addressed. He favored properly funding the school if there was \$125,000 available and leaving the bill as originally introduced. He said he would not vote for the amendment.

**SEN. WATERMAN** said she thought it was only \$110,000 that they were short and that \$125,000 would more than make them whole.

**Vote:** Motion that **AMENDMENT TO SB 27 DO PASS** carried 13-5 with **Crismore, Jergeson, Johnson, McCarthy, and Shea** voting no.

**Motion/Vote:** SEN. WATERMAN moved that SB 27 DO PASS AS AMENDED.  
Motion carried unanimously.

**EXECUTIVE ACTION ON SB 26**

**Motion:** SEN. CHRISTIAENS moved the AMENDMENT TO SB 26.

**Vote:** Motion AMENDMENT TO SB 26 passed 16-2 with Johnson and Zook voting no.

**Motion:** SEN. CHRISTIAENS moved that SB 26 DO PASS AS AMENDED.

SEN. WATERMAN thought the tax was no longer being assessed, but if that was not the case it should be addressed in the next session.

**Vote:** Motion that SB 26 DO PASS AS AMENDED carried unanimously.

**EXECUTIVE ACTION ON SB 19**

**Motion:** SEN. MCCARTHY moved that SB 19 DO PASS.

SEN. MCCARTHY reviewed the issue. SEN. DOHERTY'S bill would remove money from the State Fund and put it into education. She said she would have preferred an amendment to put the money in the general fund. She did not prepare an amendment to that effect, but was open to that discussion. She said the money had been looked at in the past. If something was not done with it now, it would certainly be done in four months. Her point in moving it forward was that it would help now as well as in four months. She had asked that information be provided to the committee about the incentives that were given to the staff and employees for this year. It was her feeling that any company that was able to give bonuses to the effect of \$513,097.21 for one year and at least this type of bonus for the last three years were not in any danger of insolvency.

SEN. STAPLETON agreed it was an important issue but thought it ought to be dealt with in four months.

**Motion:** SEN. STAPLETON moved TO TABLE SB 19.

**{Tape : 1; Side : B}**

**Vote:** Motion to TABLE SB 19 carried 10-8 with Christiaens, Cobb, Jergeson, McCarthy, Nelson, Shea, Tester, and Waterman voting no.

**EXECUTIVE ACTION ON SB 15**

**SEN. JOHN COBB** explained the bill had been amended to make it affective on passage and approval and presented the new fiscal note.

**Motion:** **SEN. COBB** moved that **SB 15 DO PASS AS AMENDED**.

**SEN. ROYAL JOHNSON** advised the bill was a real mistake. The program, started a number years ago, had proved to be very successful. A number of permanent endowments had been created. He felt the fiscal note was optimistic given the current economy and state of the stock market. He disagreed with the concept of tax credits for anything, but said that big tax credits were given for a lot of things in the state of Montana. He thought this particular one was of value to little towns and various organizations throughout the state such as libraries and many others. He favored allowing the tax credit to go on until it sunsets.

**SEN. LINDA NELSON** commented that it was sad to have to do this, but after the last vote (on SB 19) she felt it imperative to do so.

**SEN. JACK WELLS** asked about the fiscal note.

**SEN. COBB** advised that the previous version of the bill was retroactive and there was some question as to constitutionality and of fairness to those who already gave so it was changed to passage and approval.

**SEN. WELLS** wondered if the figures were optimistic.

**SEN. COBB** reasoned that some people still make money. (Department of) Revenue was basing the amount on past records. He said maybe the bill could be killed later in the process if more money was found, but he wanted to keep the bill going for now. He would go with Revenues's estimates.

**SEN. JOHNSON** cautioned likening the bill to the one that was just tabled. SB 19 had to do with Worker's Comp. He felt that someday that ought to be privatized. That would probably be in process during the next session and the \$8 million would still be there. He discouraged voting for SB 15 based on the vote on the other bill. He said the money would be there for the legislature to put into the general fund in the negotiations whether they go private or not.

**SEN. JERGESON** defended raising the issue of the action on the other bill. He said it was entirely appropriate to find a connection between action on one bill and another. He noted, however, that in view of the notice he gave to the committee regarding his position on the bill, he probably would vote differently than **SEN. NELSON**.

**Vote:** Motion that **SB 15 DO PASS AS AMENDED** failed 8-10 with **Beck, Cobb, Keenan, Miller, Nelson, Tash, Wells, and Zook** voting aye.

**SEN. WATERMAN** stated she was not certain that the Old Fund money would be available in January. She believed they had the authority, in fact were required, to move it by October 1 to the New Fund and there was a question about whether the money was then available. She did not want people left with a misconception.

**SEN. JOHNSON** said he did not either. He asserted that would be a part of the negotiation on whether it goes private or not. He said the 93 page bill was really complicated, having read it, and there were probably a lot of changes the legislature would make before it would go through.

**SEN. WATERMAN** said she understood him to say the \$8 million would be available in January and she wanted to clarify that.

**SEN. JOHNSON** stated it would be part of the negotiations.

**SEN. WATERMAN** maintained not if it was in the New Fund. And it would be transferred in October.

**Motion:** **SEN. JOHNSON** moved that **SB 15 BE TABLED**.

**Vote:** Motion that **SB 15 BE TABLED** failed 6-12 with **Christiaens, Crismore, Jergeson, McCarthy, Shea, and Tester** voting aye.

**RECESS - 10:00 A.M.**

**RECONVENE - 3:50 P.M.**

#### **HEARING ON HB 2**

**Sponsor:** **REP. DAVE LEWIS, HD 55, Helena**

**Proponents:** **None**

**Opponents:** **None**



Opening Statement by Sponsor:

**REP. DAVE LEWIS, HD 55, Helena,** reported that the House finished HB 2 after an extensive series of amendments on the floor. They thought they had the budget balanced and had made the required cuts when HB 2 was reported out of committee and scheduled for second reading. The morning it was scheduled for second reading, he was given a status report that they were \$12 million short of having the budget balanced. That was an hour before starting on the floor with HB 2. They started at 9:00 and went through a full day of hearings with dozens of amendments. At the end, he had offered three across-the-board amendments to bring the totals in HB 2 down to the total needed to balance with the orange sheet. His calculations were that they were yet about \$1.5 million short of being balanced. The votes were hard fought and debates were tough because the cuts were not easy. The majority stood firm and said if the reductions weren't made, there would be tax increases. There was a lot of loyalty to what they ended up with as far as the majority was concerned.

**Chuck Swysgood, Office of Budget and Program Planning,** outlined the points of concern to the administration. There had always been a difference between the **Legislative Fiscal Division** and the administration regarding the balance. He said it was up to the committee which set of figures to use. They had a concern over some of the across-the-board cuts. Some of those reductions involved decisions that considerably impact agencies given the fact that a number of those items had already been reduced across-the-board. Some agencies were well over a 50% reduction in travel. There was a 25% reduction in travel made in the 2001 session and that money was eliminated from the budget. Agencies were told that if they had to travel to perform their functions, they could move money out of operations to do that travel. He fully understood the position the members of the House were in, the impacts would make it very difficult, if not impossible, for some to complete their statutory requirements--such as the **Department of Revenue** for appraisals and audits, the **Department of Natural Resources** for their forestry work and fires, and the **Department of Health and Human Services** for social work, and the **Department of Corrections** for probation and parole. They also had a major concern regarding those agencies that were funded by the bed tax money after taking the general fund money from those agencies in the Governor's budget. Subsequent action in the House eliminated that bed tax money and left those agencies without any funding. He noted that in some agencies that office supplies now had a negative budget with the 3.5% reductions. Some had a negative balance in their equipment budget. And there were some concerns in the **DNRC** with fire-fighting equipment

purchases that had been eliminated. He offered his assistance to the committee.

**SEN. COBB** asked if they wanted the travel budgets back in.

**Mr. Swysgood** stated they would like to see the travel put back in the budget and would like to see the \$1.7 million of bed tax put back into those agencies.

**SEN. COBB** asked about the equipment.

**Mr. Swysgood** said there were some concerns there by certain agencies and he would let them speak to that. He was not asking that to be reinstated at this time.

**SEN. CHRISTIAENS** asked if the travel cuts included travel for probation and parole where part of the job included being able to travel to supervise and the highway patrol.

**Taryn Purdy, Legislative Fiscal Division**, advised that when the amendment was presented to House Appropriations, there were no exceptions made for travel to any agencies. Any travel done by probation and parole officers would be included in the reduction. Highway Patrol was included.

*{Tape : 2; Side : A}*

**Mike McGrath, Attorney General**, advised one of the things that had been happening during the special session was a philosophical discussion about the role of government and how far government should be involved in the State of Montana. He felt there was no dispute that government had a responsibility to protect the safety of the citizens of the state. Given what had happened to the Department of Justice budget to date, he thought there would be a serious impact on public safety. The vacancy savings that they had been asked to absorb, which would include the provisions of HB 3 adopted earlier that day, were between 6 and 7%. The legislature authorized them to add 714 full time equivalent positions. They had lost 42 positions. With the travel cuts that were made, the Highway Patrol would be grounded for three months. The reductions had taken \$127,000 out of the travel budget for the Highway Patrol. Those funds were used specifically to pay per diem expenses of Highway Patrol officers. The cuts would affect crime scene investigations and prosecutor services; the Motor Vehicle Division in the rural communities, the Law Enforcement Academy, the Crime Lab, and training in the law enforcement field. The equipment cuts that were made would have a significant impact on the state Crime Lab. He said they would have a specific amendment to restore \$75,000 in equipment

purchases at the state Crime Lab. The cuts made in supplies would impact the Motor Vehicle Division in relation to vehicle registration receipts. He stressed that the 42 eliminated positions would impact public safety.

**Gail Gray, Department of Health and Human Services**, advised her department had experienced cuts from January 1 immediately following the last session because of caseload increases both in Medicaid and TANF. They cut \$28 million out of various programs. Secondly, was the 3.5% cut of \$9.6 million. She pointed out that money was matched, so a \$9.6 million budget became a \$23 million budget cut. She noted the travel cuts went from \$1 million in 2000 to \$900,000 the next year and \$725,000 in the current year. Regarding vacancy savings, she pointed out that they had six institutional programs where it was much more difficult to generate vacancy savings.

**Karla Gray, Chief Justice, Montana Supreme Court**, advised the Judiciary made voluntary reductions during the earlier cut round. She believed they could manage the 1% across-the-board cut, and the employee pay raise and office supply the best they could. The travel cut would be about \$84,180 and would affect travel by District Court Judges in their own districts and in substituting in other courts throughout the state. There were also travel costs for District Court Judges to go to two mandatory state training conferences each year. The cut in travel would be very difficult for those judges. The equipment reduction would affect 2/3 of the 2003 book budget for the law library resulting in an inability to access current law.

**John Huth, Central Services Director, State Auditor's Office**, requested the restoration of the travel and supplies for state special revenue and federal revenue funds. They could live with the general fund cuts but didn't feel it necessary to cut state special revenue and federal funds.

**Arnie Olsen, Montana Historical Society**, clarified that their largest concern was the loss of \$842,000 accommodations tax money on the House floor. Counting all the cuts that had occurred in the special session as well as the Governor's cuts, the impact to the agency was over \$1 million. Their total budget was only about \$4 million so that was 25% of their overall budget. Their concern was that because they had federal funds, private funds, and enterprise funds that were earmarked, they would have to take the \$842,000 out of the museum, archives and administration programs which would cause them to have to close the museum and the library and 24 employees would be terminated. There would be an \$11 million impact to Helena. Donors had expressed concern and teachers across the state would lose valuable technical

assistance. Membership would be greatly affected and that was one of their revenue sources. He reiterated that the restoration of the \$842,000 was essential to the future of the agency.

**Karen Strege, Director, State Library,** testified that their total cuts with the globals and House action were 25%. Their budget had decreased by \$362,000. They had a negative fund balance of \$43,000 in their equipment budget. That budget included library books, materials and online resources for state employees and the citizens of Montana. They had a deficit in their personnel budget of about \$55,000.

**Linda McCullough, State Superintendent of Public Instruction,** had reduced their travel budget by 25% as directed by the last legislature and they took further reductions in the Governor's cut. In K-12 they would be taking \$14 million in cuts in the biennium between last and this school year due to declining enrollment. In the 3.5%, almost \$1 million in cuts were taken. That was about \$8.7 million in cuts that would affect classrooms. Schools had already relied upon that money to hire teachers, do cleaning services, for supplies for the classroom and art programs, etc. She pointed out that OPI was cut 24% in the last session

**Steve Molloy, Executive Director, Board of Public Education,** advised the agency had received the maximum 10% under the executive ordered cuts. Any additional cuts with the special session would raise that percentage to a level that the Board felt would make it very difficult to do their constitutionally required job. The Board meets 8 times a year. There were seven Board members. The global travel amendment would also impact them dramatically. They oversee, with OPI, over \$500 million in general fund spending. They were afraid that the budget cuts would drastically impact the ability of the Board to do its job properly.

**Arnie Fishbaugh, Director, Montana Arts Council,** advised that when the first cuts happened they sustained a 10% reduction in their general fund. With the globals and with the personal services contingency, the cut was 28% without the cut of the folk arts program currently in HB 2. They were hopeful that could be restored with bed tax along with the State Historical Society.

**Richard Roehm, Chairman, Montana Board of Regents,** distributed prepared comments. **EXHIBIT(fcs04a01)**

**Dan Gellan, President Montana Associated Students,** testified that students were happy with the quality of higher education. They understood the balance between quality, affordability,

tuition, fees and state funding and had endorsed a tuition surcharge to maintain quality. They were discouraged that the second round of reductions had nearly doubled. Tuition had doubled in the last 10 years. Resident tuition in some of the peer states was lower than in Montana and many Montana students can go to school in North Dakota cheaper. In addition, many of the peer states were aggressive in their recruitment of Montana students. He stated that in Montana it actually cost less to provide that education. He said those states saw the value of higher education and the productive members of society it produces. Those states provided on average \$2600 more per student per year than Montana according to the Legislative Fiscal Division. He said education benefits society and it is in critical condition.

**{Tape : 2; Side : B}**

**Richard Crofts, Commissioner of Higher Education**, distributed and explained a special session status sheet for FY 03 general fund after House action for the Montana University System.

**EXHIBIT(fcs04a02)** They had a 10% reduction in state support for a total of \$14.7 million. If they reduced the general fund in personnel, which they could not do this year as most of those people were under contract, that would be 517 FTEs including 244 faculty members. He advised those reductions could not be achieved this year. Further graphs, tables and attachments were also explained. Despite tuition increases, more students were educated than were funded for in 2002. That number would grow in 2003. State support would be less in 2003 than in 1992 and the amount of students greater. He pointed out that community colleges were facing 5.7% reductions, the five agencies were at 5.8% and the campuses of the Montana University System were facing 11.3% reductions. He distributed an additional sheet which showed the reductions for the various campus units.

**EXHIBIT(fcs04a03)**

**SEN. TESTER** asked about the agencies.

**Mr. Crofts** advised those were the Ag Experiment Stations, the Extension Service, the Fire Services Training School, the Bureau of Mines and the Forestry Extension Program of the University of Montana.

**SEN. TESTER** asked if the 5.8% cut was applied equally on those or if more was applied to one than another.

**Mr. Crofts** believed it was equal.

**Lois Fitzpatrick, Montana Library Association,** expressed concern at the possible closure of the Historical Society Library. They were also very concerned with the equipment cuts to the State Law Library, the State Library, and to the Universities. Books and library materials were considered equipment. She said the law library had a very unique collection and on behalf of the state's citizens she asked that some of that money be reinstated.

**Kathy Burwell, President and CEO, Helena Chamber of Commerce,** rose in support of the Historical Society. She felt that cutting the funds to the keeper of Montana's History would have a detrimental effect to the Helena area and also the state of Montana. With over 100,000 visitors to the capitol city, the effects would be over 11.5 million to Helena if the doors were closed and the loss would effect other areas as well. She claimed the Museum was the #3 draw behind the two national parks. She thought it important to have the museum open for the Lewis and Clark Bicentennial and urged the committee to consider replacing the funding.

**Chris Volinkaty, Executive Director CDC, Missoula,** advised her agency served children and families in 7 counties in Western Montana. They served 1300 individuals a year, were nationally accredited and had met all the requirements of their program. They contracted with the Department of Disability Services for their funding. She was concerned about the future for human services. She stated it cost about \$125-\$150,000 per person per year at the Montana Developmental Center. Her organization provided support to families so kids could live with their own families at a cost of between \$5000 to \$18,000 per year of which 50 to 70% is federal money. She asked for consideration for those people and pointed out the cost shift to hospitals, psych wards and out of state institutions would be overwhelming and the progress they had made would be reversed.

**Twyla Costigan, Licenses Foster Parent and Social Worker,** was past president of the Montana State Foster and Adoptive Parent Association. She expressed concern about the lack of services being provided to abused and neglected children as well as seriously emotionally disturbed children. The cuts already sustained by **DPHHS** had been devastating to Montana's abused and neglected children as well as their families. Some of the services lost were preventive services, ongoing counseling, school based services, and room and board in treatment facilities. She asked that the budget not be balanced on the backs of these children and outlined the consequences of further cuts.

**Barbara Cleary, Parent,** expressed her concern with the cuts affecting her emotionally troubled adopted children.

**Jeff Gamble, President, Montana State University,** advised that the bed tax money being used to backfill base budget also included the Museum of the Rockies for \$515,000, about 20% of their operating budget. The cuts would affect the educational component of the Museum. He advised they averaged about 3000 college students for credit every year and 50-52,000 K-12 students through the museum during the course of the year.

**Janie McCall, Montana Children's Initiative,** asserted that Human Services could not tolerate further cuts. She urged restoring funds.

**Wally Melcher, Montana Association for Rehabilitation,** stated he was the parent of a disabled young man and the director of Helena Industries. He opposed the cuts to the Vocational Rehabilitation Program and stated that Federal money depended on state money for the match. The federal government requires that the State of Montana certify before using federal dollars that it will perform long term services for individuals receiving employment services through Vocational Rehabilitation. Without certification, the federal dollars cannot be accessed. By cutting \$70,000 in extended employment services the whole program would be frozen in place. He shared a story of a man with a serious traumatic brain injury. He asked the cuts for Vocational Rehabilitation be restored.

**Sylvia Danforth, Miles City,** opposed the 1% undesignated cuts to DPHHS.

**SEN. JON TESTER** asked for clarification on the cuts to the University System.

**Mr. Crofts** clarified that the percentage cuts for the five agencies ranged from 5.8 to 7.5%. They varied because of various amendments that were offered. The Ag Station was 7.5%.

**Motion: CHAIRMAN KEENAN** moved **HB00204.ALT.**

**Taryn Purdy** explained the amendment corrected language relating to the global reductions made on the House floor that allowed allocating the reductions among programs at the Montana Developmental Center.

**{Tape : 3; Side : A}**

**Vote:** Motion that **HB000204.ALT** BE ADOPTED carried unanimously.

**Motion:** CHAIRMAN KEENAN moved HB000213.ATY.

**Ms. Purdy** explained the technical amendment would correct references in language that did not match the language the numbers were referring to for the Eastern Montana Human Services Center.

**Vote:** Motion that HB000213.ATY BE ADOPTED carried unanimously.

**Motion:** CHAIRMAN KEENAN moved HB000206.ATP.

**Ms. Purdy** said the amendment related to changes in sections of law governing the circumstances under which the approving authority, usually the Governor, has to come before the Legislative Finance Committee and discuss any major changes that they planned on making through operating plan changes and program transfers. The amendment took into consideration the changes that were being made in the law in HB 2 to conform to that section of law.

**SEN. WATERMAN** asked for clarification that the amendment did not expand or reduce their authority or obligation to come before them and **Ms. Purdy** said it did not.

**Vote:** Motion that HB000206.ATP BE ADOPTED carried unanimously.

**Motion:** CHAIRMAN KEENAN moved HB000211.ALS.

**Ms. Purdy** said the amendment related to SB 1 and was a funding switch for the alcohol tax.

**Vote:** Motion that HB000211.ALS BE ADOPTED carried unanimously.

**Motion:** CHAIRMAN KEENAN moved HB000202.AGH.

**SEN. CHRISTIAENS** asked if the amendments fully replaced what was done in the House floor action in HB 2. He asked that if they were somewhat less or modified that the committee be informed.

**CHAIRMAN KEENAN** explained the amendment would restore travel. The amendment did not include the office supplies.

**SEN. MCCARTHY** asked if it was only Section A.

**CHAIRMAN KEENAN** advised it was all sections and reversed the House amendment for travel.

**Ms. Purdy** said the amendment completely reversed the 25% reduction in travel taken initially in House Appropriations. It



would add 1.23 million in general fund, 1.48 million in state special revenue and 1.38 million in federal revenue and \$19,000 in proprietary for a total reinstatement of \$4.1 million.

A status sheet was passed out. **EXHIBIT(fcs04a04)**

**Vote:** Motion that **HB000202.AGH BE ADOPTED** carried unanimously.

**Motion:** **CHAIRMAN KEENAN** moved **HB000214.ALZ**.

**CHAIRMAN KEENAN** advised the amendment would reverse the House amendment on the bed tax and restored the Governor's original proposal for accommodations tax fund switches.

**Ms. Purdy** indicated that the programs that would be reinstated were on page 1 item 5 of the amendment.

**Vote:** Motion that **HB000214.ALZ BE ADOPTED** carried unanimously.

**SEN. COBB** advised that supplies had been cut in HB 2 on the floor of the House--both general fund, state special and federal. The general fund reduction was \$606,000 and the state special and federal was \$901,000.

**Motion:** **SEN. COBB** moved **A CONCEPTUAL AMENDMENT TO RESTORE ALL THE SUPPLIES BACK TO ALL THE AGENCIES**.

**Vote:** Motion carried 10-8 with Crismore, Johnson, Keenan, Miller, Mohl, Stapleton, Tash, and Zook voting no.

**Motion:** **SEN. COBB** moved a **CONCEPTUAL AMENDMENT TO ELIMINATE THE 1% STATEWIDE TRAVEL REDUCTION**.

**Vote:** Motion failed 8-10 with Christiaens, Cobb, Jergeson, McCarthy, Nelson, Shea, Tester, and Waterman voting aye.

**Motion:** **SEN. COBB** moved a **CONCEPTUAL MOTION TO ELIMINATE 1/2 OF THE 1% STATEWIDE TRAVEL REDUCTION**.

**Vote:** Motion failed 8-10 with Christiaens, Cobb, Jergeson, McCarthy, Nelson, Shea, Tester, and Waterman voting aye.

**Motion:** **SEN. COBB** MOVED TO RESTORE \$3,172,000 EQUIPMENT REDUCTIONS FOR FY 2003.

**Vote:** Motion failed 8-10 with Christiaens, Cobb, Jergeson, McCarthy, Nelson, Shea, Tester, and Waterman voting aye.

**Motion:** SEN. COBB moved TO RESTORE 1/2 OF THE EQUIPMENT REDUCTIONS FOR FY 2003.

**Vote:** Motion failed 8-10 with Christiaens, Cobb, Jergeson, McCarthy, Nelson, Shea, Tester, and Waterman voting aye.

**Motion:** SEN. COBB moved HB000201.ACS.

SEN. COBB explained that in HB 2 agencies were required to publish their performance goals on their websites each year. The Amendment would have them revise those goals based on the cuts that were taken, to include a list of which ones had been cut, why it was reduced, to clearly state which programs or services were a priority and should be maintained and clearly state which ones were less critical and how they had managed the cuts.

***{Tape : 3; Side : B}***

SEN. MCCARTHY commented that there were possibilities where a department might need to cut back or want to cut back to four days a week to be more efficient, would possibly want to close some of the smaller departments on certain days--very similar to the work that the legislature did several years ago to close the driver's license bureaus for certain counties and x number of days.

SEN. ZOOK advised he would vote against the amendment because of the time involved for the agencies and the fact that he didn't use and wasn't interested in websites.

SEN. COBB indicated that the ones that had websites could just print the report on there. The point was just to tell the legislature what they did.

CHAIRMAN KEENAN asked if it was just executive branch agencies.

SEN. COBB answered it would be each department and the Montana University System. CHAIRMAN KEENAN asked if elected offices were exempt. SEN. COBB thought they all should be included. There should be no exceptions.

SEN. JOHNSON asked if SEN. COBB had inquired of department heads how much money, time and effort it would take.

SEN. COBB thought managers would be doing it anyway to meet the budget reductions and would be asked to put it in writing and give it to the legislature. He did not think it was extra work.

**CHAIRMAN KEENAN** thought it might eliminate the work of some of the advisory councils.

**SEN. COBB** said the Legislature did the cuts but should know how agencies managed better and what they cut. He said that most generally agencies could tell the legislature where and how they made cuts. He thought just getting the information was not enough. There would be no way to say where a more appropriate place to cut might have been--to know if they were cutting too much or not. Otherwise the philosophical fight about cutting too much or not enough government will go on and on. If an agency came back and said 8% of their budget was cut and they didn't do anything different, that would be nice to know. On the other hand, he didn't know which were the fat ones. The legislature and the public could decide if they were cutting too much or not.

**SEN. WATERMAN** said the amendment would go in the opposite direction of the point she had been trying to make about asking agencies to do one more thing with less staff and less money. She thought those were questions that the Budget Director needed to ask as he puts together his next budget--to know what was cut and what was the effect of it and what were their least priorities to be cut next round and why other things were of higher priority. She thought they were good questions to ask and **SEN. COBB** was correct--they needed to know. She did not want to ask reduced staff to do one more thing between now and January.

**SEN. CHRISTIAENS** agreed with what **SEN. COBB** was trying to do. He said there wasn't a person in the room who knew how the Department of Corrections changed their budget to come in within their budget in the last fiscal year. They were in trouble and made a number of policy changes that allowed them to come in within their budget. He ventured that no legislators knew what any of those were. The only way that would ever be know would be to have something like this. The next session of the legislature wouldn't know what action happened, whether or not some of those should go into statute and/or changes in appropriations and the only way to ever find it out was with the adoption of this kind of thing. He didn't necessarily like to have them do more work with reduced staff but was really curious to know how Corrections would take care of the issue in the current fiscal year since they were already \$8 or \$9 million over their budget or will be by the end of the year. He said it would be really nice to know what was intended within the department to come in within their budget.

**SEN. ZOOK**, a member of the Corrections Advisory Council, said they knew what their plan was but the bill didn't pass out of the House that would have allowed them to look at people committed by

judges. It would have expanded the pool of people to choose from in order not to say they had a full house.

**Vote:** Motion that HB000201.ACS BE ADOPTED failed 7-11 with Christiaens, Cobb, Jergeson, McCarthy, Nelson, Shea, and Tester voting aye.

#### **Section E**

**Ms. Purdy** advised that HB000207.apj was already accomplished with the accommodations tax. She explained that there were two amendments with the same name (HB000202.AJS) but the one with the 8:39 time was the one being considered.

**SEN. STAPLETON** asked why they would need the amendment since the state fund bill did not pass.

**SEN. COBB** asked what the 1% reduction amount was overall to the Universities.

**Pam Joehler, Legislative Fiscal Division** advised the 1% across the board University System amount was \$1,382,282.

**Motion:** SEN. COBB moved TO REPLACE THE 1% GENERAL FUND REDUCTION IN UNIVERSITIES OF \$1.3 MILLION.

**Vote:** Motion failed 8-10 with Christiaens, Cobb, Jergeson, McCarthy, Nelson, Shea, Tester, and Waterman voting aye.

**Motion:** SEN. COBB moved TO RESTORE 1/2 OF THE 1% REDUCTION OF \$1.3 MILLION TO THE UNIVERSITY SYSTEM.

**Vote:** Motion failed 8-10 with Christiaens, Cobb, Jergeson, McCarthy, Nelson, Shea, Tester, and Waterman voting aye.

#### **Section D**

**Motion:** SEN. KEENAN moved HB000208.ALT.

**CHAIRMAN KEENAN** said it would supply state special revenue funding for the Motor Vehicle Division and the Department of Justice.

**SEN. JERGESON** asked if the bill that transferred money from the gas tax to Motor Vehicles had moved and that was what this money was.

**CHAIRMAN KEENAN** advised the bill had been taken off the table and had \$3 million dollars in it and it was moving.

**Vote:** Motion **carried 17-1 with Cobb voting no.**

**Motion:** **SEN. KEENAN** moved **HB000207.ALT.**

**CHAIRMAN KEENAN** advised the amendment would restore the 1% reduction in general fund to the Department of Corrections.

**Vote:** Motion **carried 12-6 with Christiaens, Cobb, Jergeson, McCarthy, Nelson, and Tester voting no.**

**Motion:** **SEN. KEENAN** moved **HB000202.AJS** (8:39 a.m.).

**CHAIRMAN KEENAN** explained the amendment would reduce flex fund and strike contingency language adding 2.616 million if the State Work Comp fund bill passes.

**Ms. Purdy** explained that on the House floor **REP RASER** had an amendment that added \$2.6 million back into the flex fund for schools contingent on the passage of the legislation that would have taken money out of the State Fund. The amendment would remove the \$2.6 million and the contingency language. The flex fund would be reduced back to the level that it came out of House Appropriations.

**Vote:** Motion that **HB000202.AJS BE ADOPTED** carried 12-6 with **Christiaens, Jergeson, McCarthy, Nelson, Shea and Tester voting aye.**

*{Tape : 4; Side : A}*

**Motion:** **SEN. JERGESON** moved **HB000209.ALT.**

**SEN. JERGESON** advised the bill would restore \$75,462 in equipment for the Forensics Science Division in the Department of Justice. He had been told that the global reduction made in their equipment took them into a negative number available for equipment. He said it took very extensive equipment to do blood tests, DNA testing and all the other forensic testing the lab does and in order to enable law enforcement to properly pursue its work the forensic science division had to have the necessary equipment. He thought it important to put in some equipment dollars in this key area for public safety.

**Vote:** Motion **carried 16-4 with Crismore, Miller, Mohl, and Stapleton voting no.**

**Motion:** SEN. BECK moved HB000201.AGH.

SEN. BECK stated the amendment would put \$300,000 weed money in HB 2 after passing the amendment in HB 9. It would get the money back into the general fund.

**Vote:** Motion that HB000201.AGH BE ADOPTED carried 16-2 with Jergeson and Nelson voting no.

**Section C:**

**Motion:** SEN. CHRISTIAENS moved that HB000204.AGD BE ADOPTED.

SEN. CHRISTIAENS indicated the amendment removed general fund money for the purchasing or leasing of new vehicles for the next year. The state was spending \$8,295,000 for vehicles that end for the motor pool or agencies. The amendment would save roughly \$475,00 of general fund money. If a vehicle was totaled it could be replaced, but otherwise it was a one-year moratorium on the use of general fund for additional vehicles.

SEN. STAPLETON liked the idea but asked if they had not already talked about it. He felt that agencies were required to use the motor pool, the ability to get replacement vehicles was being limited.

SEN. CHRISTIAENS advised there were 800 vehicles in the motor pool and of those 200 were owned and 600 were leased to agencies. Agencies also had money with which they could purchase vehicles. The vehicles that the state of Montana has, they were all fairly new vehicles. The amendment would ask that no additional vehicles be purchased next year using general fund. Out of a budget of \$8.2 million spent annually, \$475,000 should not cripple anyone. The previous bill only required the use of a state vehicle rather than the employees personal vehicle.

SEN. STAPLETON questioned not buying replacement vehicles for all leased vehicles that were expiring. He asked why the year 2005 was in the explanation.

SEN. CHRISTIAENS said the next legislature would have the same opportunity to look at the entire situation with purchasing or leasing additional vehicles. He wondered how many of the state's residents were driving vehicles as new and as well maintained as in the state's fleet. He said he was told there were excess vehicles in the motor pool.

CHAIRMAN KEENAN noted the explanation should have read 2003 and needed to be amended.

**SEN. WELLS** asked where the \$475,000 came from.

**SEN. CHRISTIAENS** explained that was the general fund portion allocated over all of the agencies. It was complicated because of the mix of the funding but the total amount of funds spent for vehicles in the state of Montana was \$8.295 per year. All the amendment would do was cut general fund in the identified agencies by \$475,000. He said **Greg DeWitt** would have the numbers specifically.

**-RECESS 6:10 p.m.-**

**-RECONVENE 6:50 p.m.-**

**SEN. WELLS** requested a further explanation regarding the amendment.

**Greg DeWitt, Legislative Fiscal Division**, clarified the amendment did not change budgets for any agencies, but attached restrictive language to only the lines in the budgets for autos and trucks. The legislative intent would be to discourage agencies from buying cars in 2003 from the general fund. The amount saved if the agencies did not buy cars or use the money for another means would be \$213,558 general fund.

**SEN. WELLS** asked about the number \$475,000.

**Mr. DeWitt** explained that equipment was a broad category. There was a smaller category within that where car purchases would come out of. In that smaller category the budgets for general fund came out to be \$1.4 million. The budgets had already been reduced by 2/3. The remainder was \$475,000. He did not attach language for any agencies that did not have cars in their budgets and that was why the amendment was narrowly defined.

**SEN. WELLS** asked if the \$213,558 would apply to vehicles purchased or leased.

**Mr. DeWitt** replied that it would be to purchase cars by agencies. It would not have any impact on motor pool because they buy their cars out of proprietary funds. Agencies use an object of expenditure that comes out of an operating category to pay their rental and lease payments on motor pool cars.

**SEN. BECK** asked how many cars would be involved.

**Mr. DeWitt** replied if they were to buy cars it would be about 10 cars. He noted some of the budgets had \$500 in them which wouldn't buy a car. That was why he "used a scalpel."

**SEN. WATERMAN** spoke in favor of the amendment. She did not think it would create a great hardship and the amendment was reasonable.

**SEN. STAPLETON** expressed concern over subjecting the state to risk.

**SEN. CHRISTIAENS** advised it would just apply to the purchasing of new cars in the next fiscal year. The motor pool had just spent over \$8.295 million. He did not see a correlation.

**SEN. BECK** asked if the amendment affected firefighting equipment or was strictly automobiles.

**SEN. CHRISTIAENS** replied it was strictly automobiles.

**Vote:** Motion that HB000204.AGD BE ADOPTED carried 15-3 with Miller, Mohl, and Stapleton voting no.

**Motion:** **SEN. WELLS** moved TO RECONSIDER ACTION ON COBB AMENDMENT TO RESTORE OFFICE SUPPLIES.

**Vote:** Motion TO RECONSIDER ACTION carried 11-7 with Christiaens, Cobb, Jergeson, McCarthy, Nelson, Tester, and Waterman voting no.

**Motion/Vote:** **SEN. WELLS** moved TO REMOVE \$606,019 GENERAL FUND FROM THE OFFICE SUPPLY LINE. Motion carried 10-8 with Christiaens, Cobb, Jergeson, McCarthy, Nelson, Shea, Tester, and Waterman voting no.

**Motion:** **SEN. COBB** moved TO REPLACE \$300,000 GENERAL FUND SUPPLIES.

**SEN. COBB** explained the money would come from the \$300,000 taken from the contingency fund.

**SEN. ZOOK** advised they already now had the \$901,000 of other funds. This would be in addition to that.

**Vote:** Motion failed 8-10 with Christiaens, Cobb, Jergeson, McCarthy, Nelson, Shea, Tester, and Waterman voting aye.

**Section E:**

**Motion:** **SEN. TESTER** moved TO RESTORE \$100,000 TO THE AGRICULTURE EXPERIMENT STATIONS.



**SEN. TESTER** explained it would be in a restricted account so it couldn't be moved out. (page E-12 line 17)

**SEN. STAPLETON** asked how the Ag Experiment Stations had been affected.

**SEN. TESTER** replied they had been run on a shoestring for the past twenty years. He advised they did a lot of really good work and he wanted to see their level of competency kept up.

**SEN. STAPLETON** asked if there was a percentage.

**SEN. TESTER** replied their cut was 7.5% and didn't include the Governor's cuts.

**SEN. WELLS** asked what percentage the \$100,000 was of the cut that he wanted to restore.

**SEN. TESTER** declared it was a little less than half. They were cut about \$225,000 without the Governor's cuts.

**SEN. BECK** asked if that would come out of the general fund.

*{Tape : 4; Side : B}*

**Vote:** Motion failed 8-10 with Christiaens, Cobb, Jergeson, McCarthy, Nelson, Shea, Tester, and Waterman voting aye.

**Motion:** **SEN. KEENAN** moved HB000203.AJS.

**Jim Standaert, Legislative Fiscal Division**, advised the amendment would take the flex fund down to the amount proposed by the Governor and dropped the flex fund transfer from the general fund to \$384,000 and would allow only \$200,000 of that to be spent out of state special revenue account for testing statewide.

**SEN. MCCARTHY** advised it was her understanding that the tests had already been purchased and paid for and was under the impression that only the lower grades, K-2 were consumable and the rest of the tests were re-usable.

**Bill Cooper, OPI**, explained the \$200,000 was for the second year of the contract with the testing company.

**SEN. MCCARTHY** asked if there would be tests to use on grades 3-12 but not lower grades.

**Mr. Cooper** said the amount was for the scoring and the necessary reports.

**SEN. MCCARTHY** asked if the tests could be scored.

**Mr. Cooper** answered that they would have the booklets.

**SEN. MCCARTHY** then asked if they could not be used and **Mr. Cooper** replied yes.

**SEN. JERGESON** asked if the other amendment for \$234,000 was not being replaced, if the number was still in there and if this was in addition.

**Ms. Purdy** replied the purpose was to take the total appropriation down to \$384,000 and then \$200,000 and supercede the previous level.

**SEN. JERGESON** advised everyone to understand it was a whack to education--\$2 million in both lines.

**CHAIRMAN KEENAN** advised it was perhaps temporary.

**Vote:** Motion that **HB000203.AJS BE ADOPTED** carried 11-7 with **Christiaens, Jergeson, McCarthy, Nelson, Shea, Tester, and Waterman** voting no.

**Motion:** **SEN. KEENAN** moved **TO AMEND HB000208.ALT.**

**CHAIRMAN KEENAN** said it would take all but \$1.7 million of \$8.336 million from the unrestricted highway state special revenue account and put it in the motor divisions and also do general fund at the same time to make the numbers work.

**SEN. DEBBIE SHEA** asked why.

**CHAIRMAN KEENAN** said it was to keep from the requirement of a 3/5 vote on that section of HB 2.

**SEN. BECK** explained that general fund was needed in order to offset.

**CHAIRMAN KEENAN** affirmed they were working on that.

**SEN. BECK** stated it would be about \$6.5 unrestricted funds from the highway trust account and \$1.7 general or in that area.

**CHAIRMAN KEENAN** said that was correct. He further stated that the other bill had \$3 million in it and they were only going to take \$1.7 on this transfer.

**SEN. BECK** agreed.

**CHAIRMAN KEENAN** restated that conceptually they were taking all but \$1.7 million general fund and the rest would be highway state special revenue unrestricted account moved to motor vehicles division.

**Vote:** Motion that **TO AMEND HB000208.ALT BE ADOPTED** carried 13-5 with **Christiaens, Cobb, Jergeson, McCarthy, and Mohl** voting no.

**SEN. JOHNSON** proposed a conceptual amendment. On page B-10 line 15, \$2.731 general fund was cut from **DPHHS**. He advised that in June 2002 **DPHHS** took a 3.5% cut out of their budget which was \$9.6 million in general fund and \$23 million in total funds. Since then they had taken another \$10.7 million out of their budget. The \$2.7 million was matchable with Medicaid or whatever they wanted to do and it was a non-restricted account so they could use it for what they needed to use it for. He wanted to restore the department to where it seemed a little more fair.

**SEN. WATERMAN** asked if it was restoring the 1% cut and **SEN. JOHNSON** affirmed it was.

**Lois Steinbeck, Legislative Fiscal Division**, said the line and bill numbers referenced struck the language and she asked if it was the intent to add back the money on page B-4 line 19 and **SEN. JOHNSON** replied yes.

**SEN. COBB** hoped the amendment would be supported. He said they were going to cut \$5 million to save \$2.7 million in order to save staff. They would have to fire 150 people. They were at 6% vacancy savings across the board but had to keep their institutions open which was almost half their FTEs. If they don't cut staff they'd have to go into programs. If they go into Medicaid they would have to cut more. The money had to go back in. They got 1% across the board and a double freeze cut and supplies cut which they match with federal dollars. They no longer knew where to cut--they had cut \$60 to \$70 million since the last session. He said \$2.7 million would not break the budget or destroy the world. The department needed time to stabilize. He advised cutting them in the next session if necessary but not now.

**CHAIRMAN KEENAN** advised he could not argue with what was said but indicated he would resist the amendment because it was a large amount of money and he wanted to see where it stood after the day's action.

**SEN. COBB** said he understood that, but if it wasn't put in then it wasn't a priority. Once money was taken out of Human Services, it was not likely to ever go back in. He would rather have it taken out in Conference Committee than try to put it back in.

**CHAIRMAN KEENAN** advised that was what they said to him going in to the 2001 Conference Committee when they had the \$1.76 million, but they got it in.

**SEN. COBB** argued that was a bigger budget before they had to make a number cut. **CHAIRMAN KEENAN** agreed that was true.

**SEN. WATERMAN** pointed out that the committee didn't have the discussion about waiting to see the balance sheet when the 1% cut was restored to **Corrections**. **Corrections** had not had near the cuts before the special session nor during the special session that **DPHHS** had. She declared that if they could restore it for convicts they should be able to do it for the people that were served in human services. She said the majority leader told the legislature on opening day that they were to put Montanan's first and she didn't think he meant just inmates. She asked that the committee vote the same way on this amendment as they did on **Corrections**.

**SEN. JERGESON** said he wanted to appeal to their sense of the institutional prerogatives of the Senate. If the Senate had not put this money back in before HB 2 went back to the House, they would be in the driver's seat on the issue, not the Senate, he held. He felt the Senate needed to command the high ground on that particular issue for that particular department.

**SEN. JOHNSON** advised that no matter how competent the Conference Committee was, there were very few people in the Legislature who understood human services the way that **SEN. KEENAN** and **SEN. COBB**. He felt there was a good chance of losing this in that group of six. He hoped they would support the amendment.

**CHAIRMAN KEENAN** answered not to forget they would be on the floor.

**SEN. BECK** said he understood and felt sorry for Gail Gray and what she had gone through in the whole process. If some revenue could be found to help the situation, he would be amenable to it. He would be more amenable to it on the floor. He thought it would be a bitter pill to swallow if it had to be taken back out in conference committee. If there was a cushion in the ending fund balance, they could go get it. He didn't see that right at this point, but felt they were getting close.

**SEN. TESTER** said he was not an expert on **DPHHS**. His concern was with matching funds and felt they all knew there was a need for the money. He said to **SEN. BECK** that they both knew where to get the money.

**SEN. BECK** asked if that was the coal tax trust.

**SEN. TESTER** replied, no, that they had offered it up in another agency.

**SEN. ZOOK** agreed that the agency had been hit hard, and thought that **SEN. JERGESON** had made a good point. He felt if this wasn't in there when it left the Senate, it may not ever be in there and that was certainly a big advantage the Senate had over the House for years. He said it took him a while to realize that, but soon came to understand it. He said if it didn't pass here, he would vote for it on the floor and then count on the budget director and the Conference Committee to see that it stays in there if that's what the intent was--if the figures allowed for that. He said he would vote no at this time.

**SEN. COBB** said he didn't want any more cuts. He said when they did those "pretend" cuts across the board, they didn't know what they were cutting. The agency would have to cut something and the legislature didn't know what they were going to cut. He said he went back and tried to figure out a cut list for them. He felt the committee was responsible to a department to do the best job they could on cutting. He didn't think anyone wanted to do the actual cuts; but with actual cuts, he didn't think anybody would vote for them. There would always be arguments to let the agency do it. He hoped they could find the money.

**SEN. BECK** said they were trying to find enough more money. He acknowledged the department had really been cut. If there was slack in the ending fund balance, and they could still stay within the law, he felt it was where the money should go. He understood people would be hurt by the cuts.

**CHAIRMAN KEENAN** said it meant a lot to them all. He stated that **SEN. COBB** had some amendments in the past for direct care workers wages to make sure that the money goes where it's supposed to go and from his perspective, he was often concerned that when they cut **DPHHS**, they cut services and didn't cut FTEs. The mental health centers continued to be fully staffed and still had their payroll. But services to people often times weren't the priority. He hoped that could be worked on next session to get the money into the services, because his concern was the actual services. He felt if they cut, it was a service reduction, not a reduction in force for the bureaucracy behind that.

*{Tape : 5; Side : A}*

**SEN. JOHNSON** said he would volunteer and he knew **SEN. WATERMAN** would, as they had worked with human services, but reaffirmed that the money was needed in there right now so people would know it was important to us.

**Motion/Vote:** **SEN. JOHNSON** moved **TO RESTORE THE 1% CUT TO DPHHS OF \$2.7 MILLION GENERAL FUND BE ADOPTED**. Motion failed 9-9 with **Christiaens, Cobb, Jergeson, Johnson, McCarthy, Nelson, Shea, Tester, and Waterman** voting aye.

**Motion:** **SEN. COBB** moved that **TO RESTORE 1/2 OF THE 1% CUT TO DPHHS FOR \$1.45 MILLION GENERAL FUND BE ADOPTED**.

**SEN. COBB** held that the reason was that half the employees were at the institutions and if **Corrections** could have theirs back, they should give the rest of the institutions where people are locked up the same thing.

**SEN. BECK** asked how much that would come to and was told it would be a little less than \$1.5 million.

**SEN. COBB** clarified that they could move money around and it wouldn't necessarily end up in institutions.

**SEN. BECK** advised there were a lot of things that had to fall together and asked **SEN. COBB** if he had any thoughts on where they could go get this.

**SEN. COBB** said the only place he knew, was to give \$780,000 to Revenue to get their staff back so they could collect \$1.8 million in FY 03. He was not sure if it was counted yet by the administration. That was the only big pot that was out there.

**SEN. BECK** asked if it had been counted and **CHAIRMAN KEENAN** said he looked at that and it had not been counted.

**SEN. COBB** said it would presuppose that some FTEs would have to be added back to Revenue. This was Revenue's own proposal.

**SEN. BECK** asked if the proposal was being recommended by the Office of Budget and Program Planning.

**SEN. COBB** said he didn't know what they were doing and he didn't ever want to do that to **Mr. Swysgood**. Vote no on it today but look at the report and see if the money was there, he told **SEN. BECK**.

**Vote:** Motion TO RESTORE 1/2 OF THE 1% CUT TO DPHHS failed 9-9 with Christiaens, Cobb, Jergeson, Johnson, McCarthy, Nelson, Shea, Tester, and Waterman voting aye.

**Motion:** SEN. WATERMAN moved HB000218.ALS.

SEN. WATERMAN advised that the first two motions she would be making would essentially use the money that was in the universal access bill of SEN. CHRISTIAEN'S that was passed out this morning. She had visited with SEN. CHRISTIAENS, SEN. COBB and SEN. KEENAN about it and the two motions totaled up to just about that amount of money. She indicated she had received more calls on the Medicaid co-pay for pharmaceuticals, medicines, and physicians than anything else she had in human services. There were people across the state who were not filling prescriptions or only taking their pills every other day. She noted the department had worked very hard to come up with a new Medicaid co-pay proposal. It would actually cost individuals more money than the one people had objected to but it would break it out over a period of a year. They would still have a \$600 payment for the year but it wouldn't hit them all in one month. These were individuals that earn about \$550 a month. In order to implement the new proposal, they needed \$350,000. She strongly urged passing the amendment and allowing the department to implement the new co-pay system. People would still be paying more for their drugs, but it would just be easier for them to handle and budget.

SEN. BECK thought something had been done on the co-pay. He wondered what the universal access money did.

CHAIRMAN KEENAN clarified that 90% was put in DPHHS and 10% in the general fund.

SEN. WATERMAN asserted that they did not specify where in DPHHS it would go. She would do it on the two amendments the first being the co-pay and the second being day treatment.

SEN. BECK asked if that was what DPHHS had in mind.

SEN. WATERMAN said the money designated for DPHHS this morning would be put into their budget with the amendment.

Gail Gray, DPHHS, advised that her understanding was that the 90% of SB 26 was approximately \$600,000. Of that, \$350,000 of that would go to pay for the difference between what they had in emergency rules right now for prescription drugs and outpatient services and what they had in the past. The balance of that

would go into school based services--the day treatment center costs.

**SEN. BECK** asked if they would do that anyway, even without the amendment. He thought they earmarked the universal service funds to **DPHHS**.

**Ms. Gray** said it was her understanding that they gave intent, but didn't specifically earmark it. She said it was clear all along that those were two top priorities.

**SEN. BECK** asked if those were where they would put it anyway, even without the amendment.

**SEN. COBB** said without putting it in there to give intent and she's short \$3 or \$4 million elsewhere, she still would have to fund the co-pays somewhere in her budget. He said it would give intent, it was a good amendment and just vote for it.

**SEN. ZOOK** asked why tie the director's hands and why not allow her to make those judgements.

**SEN. WATERMAN** said they asked **Gail Gray** and that was where she wanted to put it.

**SEN. ZOOK** asked why tie her hands in case she changed her mind.

**SEN. COBB** said the director of the budget office might change her mind for her.

**CHAIRMAN KEENAN** advised that SB 26 put 90% of the \$675,715 in **DPHHS** but it had not been appropriated in **DPHHS**. He asked **Ms. Steinbeck** if the two amendments would appropriate that.

**Ms. Steinbeck** clarified that the amendment would appropriate part of that money, but it was not restricted. It would be the legislature's intent that it be used for Medicaid co-payments and it was exempt from 17-7-140. If the department didn't want to spend it there, it was not binding. The next appropriation was restricted and they would have to spend it in a binding way.

**SEN. KEENAN** asked if there was interest in restricting both of the amendments.

**Ms. Steinbeck** stated she didn't restrict that because of appropriations controls. The department really doesn't buy Medicaid co-payments. It does buy the second kind of service. The Medicaid co-payments just make up the cost of services that the clients won't be paying. It could be restricted but for all



practical purposes they'd just spend it somewhere in Medicaid and you wouldn't be able to really track that it was a co-payment.

**Vote:** Motion that **HB000218.ALS BE ADOPTED** carried 13-5 with Miller, Mohl, Stapleton, Wells, and Zook voting no.

**Motion:** SEN. WATERMAN moved **HB000217.ALS**.

SEN. WATERMAN explained this was the day treatment money for children and the second highest priority that the department had for use of these funds.

**Vote:** Motion **carried 14-4** with Miller, Mohl, Stapleton, and Zook voting no.

**Motion:** SEN. WATERMAN moved that **HB000211.APG BE ADOPTED**.

SEN. WATERMAN indicated it was for \$274,940 of general fund for voc rehab funds. Even with this money restored there would still be a 3% cut in services plus the across the board 1% cut for vacancy savings. The money would provide, among other things, the blind and low vision services that runs at the School for the Blind that is in Bozeman in the summer time. She stated she was a little offended to see folks in the House passing the hat to help restore this the other day. She felt if she was an individual who required services from this department for blind and low vision she would be offended that the legislature thought she was a charity case that they had to pass the hat for. She felt they deserved funding and urged the committee's support.

SEN. WELLS inquired if it paid for people to do rehabilitation.

Ms. Gray replied it allowed people with some type of disability to get higher education or some kind of specialized training so they could be employed productively--perhaps someone who had an industrial injury or someone who was developmentally disabled from birth. There was a very high matching rate. For every \$19 dollars Montana puts up, the federal government puts up \$81. It was a long term program put up in the Eisenhower administration--people coming back from World War II.

SEN. WELLS said there was still money in the budget for that and asked if this was additional money.

Ms. Gray answered that as part of the 3.5% cut there were two different cuts for vocational rehabilitation--one was \$117,000 and one was \$274,000. The amendment was asking for one of those to be reinstated.

**SEN. WATERMAN** advised this was the second to the last thing they wanted to cut--the last thing was the provider rate increase. This would help people stay in their homes--people with macular degeneration. Otherwise they would be paid for in Medicaid when they're in the nursing home.

**Vote:** Motion **HB000211.APG failed 9-9 with Christiaens, Cobb, Jergeson, Johnson, McCarthy, Nelson, Shea, Tester, and Waterman voting aye.**

**SEN. CHRISTIAENS** offered the same amendment with the number changed to \$213,558--substituting the money to be saved with the change in purchasing motor vehicles. He said the reason was for the federal match.

**SEN. KEENAN** said the one problem was that the amendment did not actually remove any money from HB 2.

**SEN. BECK** said the money saved in motor vehicles was not going to be counted, so this was actually a hit to the general fund.

**SEN. CHRISTIAENS** said that in the end, general fund would not be spent in that amount. He said it was an accounting issue but he guessed it was as good as "Enron".

**Vote:** Motion **TO ADD \$213,558 GENERAL FUND TO DPHHS CONTINGENT ON PASSAGE AND APPROVAL OF SB 26 failed 8-10 with Christaens, Cobb, Jergeson, McCarthy, Nelson, Shea, Tester, and Waterman voting aye.**

**Motion:** **SEN. WATERMAN** moved that **HB000209.APG AND HB000210.APG BE ADOPTED.**

**SEN. WATERMAN** noted the cuts had gone so deep in this area that they were going to be laying off physical and occupational therapists. She said it sort of went back to the days in the 1970s when people were warehoused in institutions and there was a lawsuit over that and we lost it. She advised they were in the midst of a lawsuit right now over de-institutionalization. To the credit of the Governor and Director Swysgood, they were working very hard to resolve that lawsuit and to settle it. She said it was a case they didn't want to go to court, because if it did she believed we would lose the case and would not want to live with the results. Protecting the community services was the only hope because the Supreme Court had said they had to have a plan to de-institutionalize anyone who can or wishes to be de-institutionalized and had to making reasonable progress to implement that plan. If the motion was not passed and some of the funds restored, the institutions would take money from

community services to keep their certification. It would weaken the position in the lawsuit and she didn't think that would be a good long range decision.

**SEN. KEENAN** noted it was too bad--that even a one-day state employee furlough would have given \$526,000 and then perhaps some of the amendments could have passed. He said we know where our priorities are.

**Vote:** Motion that **HB000209.AGP AND HB000210.APG BE ADOPTED failed 8-10 with Christiaens, Cobb, Jergeson, McCarthy, Nelson, Shea, Tester, and Waterman voting aye.**

**Motion:** **SEN. WATERMAN** moved that **HB000213.ALS BE ADOPTED.**

**SEN. WATERMAN** advised the amendment would restore \$230,000 general fund for the full day treatment for mental health services for adults. She said there had been a great deal of publicity about the closing of the day treatment facility in Billings. Those services were for adults who are seriously mentally ill to help them stay in the community. Without those services they end up in Warm Springs and cost a lot more money.

**SEN. JOHNSON** asked how many dollars would be left in the fund after this was taken out.

**Ms. Steinbeck** answered that they say they would only pay for 1/2 day stay instead of a whole day. All of the money for the second half of the day would be taken out and nothing left for that.

**SEN. WATERMAN** said that what has happened was it was not affordable for the facilities stay open.

**SEN. JOHNSON** pointed out that the Billings facility had \$5 a day cost on those people.

**Ms. Steinbeck** clarified that the Hub was a drop in center. She thought day treatment programs were different than drop-in centers.

**SEN. WATERMAN** said the money they make helps them support the funding for it.

**Vote:** Motion that **HB000213.ALS BE ADOPTED failed with Christiaens, Cobb, Jergeson, McCarthy, Nelson, Shea, Tester, and Waterman voting aye.**

**Motion:** **SEN. WATERMAN** moved that **HB000214.ALS BE ADOPTED.**

*{Tape : 5; Side B}*

**SEN. WATERMAN** advised the amendment would add \$424,160 general fund to **DPHHS** for room and board payments for children in out-of-home mental health placements. She spoke of the woman that testified about her adoptive child she would have to give up and put in residential treatment without these funds.

**Vote:** Motion that **HB000214.ALS BE ADOPTED** failed 8-10 with **Christiaens, Cobb, Jergeson, McCarthy, Nelson, Shea, Tester, and Waterman** voting aye.

**Motion:** **SEN. WATERMAN** moved that **HB000216.ALS BE ADOPTED**.

**SEN. WATERMAN** explained the last two amendments she would be making were in the senior and long term care division. **HB000216.als** would restore \$673,931 general fund in FY03 to maintain long-term care Medicaid benefits that were reduced to lower expenditures. Without these funds services like baths to elderly and disabled individuals would be cut back. She did not think it right to cut those services back to once a week.

**Vote:** Motion that **HB000216.ALS BE ADOPTED** failed 8-10 with **Christiaens, Cobb, Jergeson, McCarthy, Nelson, Shea, Tester, and Waterman** voting aye.

**Motion:** **SEN. WATERMAN** moved that **HB000215.ALS BE ADOPTED**.

**SEN. WATERMAN** explained the amendment would restore \$97,191 to keep elderly and disabled people in the communities through the home and community-based waiver program.

**SEN. COBB** urged the committee to just do this. There are less people in nursing homes than before due to these programs. If it is reversed, they will go into nursing homes and cost more money. It is cheaper keeping people in communities. He held that these were the kind of cuts that the department was having to make. He said \$97,191 would not trigger anything in the ending fund balance. If it did trigger it, it wouldn't be a big deal-- \$97,191 across all state government.

**Ms. Gray** commented that nursing home numbers were the one are that had gone down in Medicaid and there were substantial savings. People are wanting to stay in their own homes but they need some type of assistance to do that. This would partially restore that funding.

**SEN. KEENAN** advised there had been money transferred from senior and long term care by those nursing home savings that had gone to

mental health and other divisions. Assisted living was carrying the population as opposed to nursing homes and the funding eligibility was different for those two.

**Ms. Gray** said the department made the decision to transfer the money from senior long-term care to other areas of Medicaid.

**Vote:** Motion that **HB000215.ALS BE ADOPTED** carried 14-4 with **Miller, Mohl, Stapleton, and Wells** voting no.

**SEN. ZOOK** commented that this was such a small amount of money, he could not believe the department, in going through their budget, eliminated this program. He thought maybe it wasn't offered up to the budget office. It seemed crazy to him with a budget that large that those were things that were cut.

**Motion:** **SEN. COBB** moved TO PUT \$200,000 ONE-TIME, LINE-ITEMED IN HUMAN SERVICES.

**SEN. COBB** advised the purpose was to add hire five staff and some contracted services in order to maximize federal funds. **EXHIBIT(fcs04a05)** He explained how federal dollars were not being maximized. He noted in some cases billing was not being done correctly. He was not trying to expand any services but reported that next session they could be receiving from between \$3-6 million a year more federal money which would either reduce the general fund or be used to expand services. This session, if the department had the staff and contracted services right away, they would know before the regular session if they could get some money and how much. The budget director had instructed the department to find a way. He felt the amendment would help solve part of the human service budget this year and the next. The other option would be to give them \$85,000.

**SEN. BECK** asked **Gail Gray** if the \$200,000 was needed for FTEs.

**SEN. COBB** advised \$85,000 would be for the FTEs and \$125,000 for contracted services. They needed to go back through old files for the kids and see if there was back money owed. Consultants said they might be able to pick up \$2 million. He wanted to get them funded up front.

**SEN. BECK** asked if it was something that could be done and if there would be a savings and if it would help down the road.

**Ms. Gray** said they were looking at several different areas with the help of the **Legislative Fiscal Division**. They were looking at intergovernmental transfers in mental health, looking at targeted case management in child family services and a

modification or movement from some of their money from DD into Chip and getting a better match on that. They were looking at more kids in foster care being eligible under 4-E and Title 20. Those things or variations were possible. With no additional staff, they were possible but wouldn't be as quick. She didn't know how much they could get this year with the current staff.

**SEN. BECK** asked if they intended to do this regardless.

**Ms. Gray** said of course they would try to do this but wouldn't be able to go as fast or efficiently without some assistance. When they talked to **Director Swysgood** they committed to getting \$500,000. They thought they could get more, but had to have help.

**SEN. BECK** asked if there was any possible way it could be contracted out and some of that money could pay the contractor.

**Ms. Gray** indicated a company had talked to them and were willing to take a contingency fee instead of money. In talking to other states, it was thought to cost more than paying an actual fee for the service and hiring their own staff. Those staff would keep working in multiple areas searching for more funds.

**SEN. WATERMAN** referred to the \$1 million alcohol tax money that had just been put into the budget--there was funding in there for the department to hire consultants. The truth was, as they find the time with staff and get the training and the expertise, they could do this over a couple years, she said. Or, they could use some contracted services to help them do it and could do it much quicker. That was the choice--spend some money to make some money.

**SEN. COBB** said the \$500,000 which wasn't even showing up in the budget, would go back to the department but they had to collect it. He noted the "regular special session" was coming up and it would be nice sometime in October or November to know how much potential money was there. The question was where to find \$200,000. But he said they actually had to find \$500,000 to give back to the budget office.

**SEN. BECK** wondered if 5 FTEs were hired, versus somebody that already had the experience, would there be a savings. He didn't want to spend more money that they absolutely had to, and asked if there were employees who could do this.

**Ms. Gray** said they would use a combination. Some of the work would have to be contracted. Some of the work was simple, but very time-consuming record reviews. She thought staff plus

contracted services were necessary. Long term, they wanted their own staff to do it because it would be more effective and cheaper.

**SEN. COBB** said they had originally wanted more staff but set it at five. The contractor would check all the old files. It could come out \$300,000 to the good.

**SEN. ZOOK** asked how this would fit with the hiring freeze. He asked the budget director, the approving authority in this case, how he looked at it and if it were a high priority item.

**Mr. Swysgood** said they had talked about this at great lengths. With the budget shortfall being faced in the next biennium, this was one of the areas the department could potentially benefit as this went forward. In his discussion with the department as they went through budget reductions, he asked them to be realistic with what he could expect to receive out of this for the general fund with the staff they had on. He was told \$500,000 and he took it. There was probably more out there but they were up against the wall right now. This would have the potential of helping them out next session.

**SEN. ZOOK** asked if they were going to do it in house and partially contract it out.

**Mr. Swysgood** advised that most of it would be done in house. They had people who already knew this and had to replace those people with some others so they could get on with it in a more expedient way.

**SEN. STAPLETON** asked about the status with what they'd added to the general fund.

**CHAIRMAN KEENAN** said they'd had some conceptual amendments that had to be worked out in detail so didn't know how accurate they could get.

**Ms. Purdy** did not have a total. She asked **Terry Johnson** if the \$2.6 million in education that was added as a contingency was added to the status sheet.

**Mr. Johnson** said he did that.

**Ms. Purdy** advised the committee that \$97,000 had just been added, and \$2.3 million education and also the \$2.6 million which was the contingency for the flex fund, \$300,000 was added to the general fund balance through the weeds, they added in \$75,000 for equipment at the Department of Justice and added \$974,000 for the

1% for the Department of Corrections. The accommodations tax added \$1.66 million, travel added \$1.23 million

**SEN. STAPLETON** said that would be close to \$4 million. He said his issue was with fifteen minutes of conversation with conceptual motions. He didn't mind simple conceptual ideas when they were doing line items, but the whole policy debate was not something he was good at. He said it was foreign to him. He said he would appreciate paper because the quick decisions were more policy issues.

**SEN. COBB** further explained the amendment. The department was not fully charging the federal government for costs that should be charged to them. They were not trying to expand any programs. He said the federal rules changed all the time and if they didn't understand them properly they didn't collect the money. With the alcohol money the other day, the federal government was not being charged correctly for certain costs and they would be glad to pay it but we have to sit down and make the costs. The consultant and the staff that looked at said there was a potential that up to \$5-7 million a year that the feds ought to be paying for a lot of the human services programs that we partner with them in. The budget director had told them that if any extra money was found, that they couldn't put in any new programs or any of the old programs that were cut back in. The money would be used to help balance next sessions budget.

**SEN. STAPLETON** said he had a problem with conceptual amendments that aren't numbers, they're ideas. He thought they subverted the process. He said they didn't get in the House, and there's a conversation and a quarter million dollars is thrown back in before we know it. He thought they were over the \$4 million mark.

**CHAIRMAN KEENAN** said that should the amendment fail, he suspected it would be seen on the Senate floor on paper tomorrow afternoon.

**SEN. JERGESON** maintained when he listened to **Taryn's** numbers, he didn't see a \$4 million increase in spending. If anything there might have been a net reduction. He advised that **Terry** had been asked if he had already included the \$2.6 million for the flex fund and he said yes and by adoption of an amendment of the Chairman's at least \$2 million was cut out. He didn't know what was added back in, but didn't think the budget had been changed a lot and there might even have been a minor reduction.

**SEN. BECK** claimed over \$8 million had been added back in--the gas tax transfer and some of those things. He said they were about \$4 million to the plus from what was done.



**Mr. Schenck** advised the \$8.4 million had already been accounted for.

**SEN. BECK** noted there was a lot of money on the green sheet.

**SEN. COBB** reiterated that it was a line item for \$200,000 for staff and contracted services. The concept was to put a little money up to maybe save \$5-7 million a year general fund money. It would not be known until November or December if that kind of money was out there, but staff was needed to do it.

*{Tape : 6; Side : A}*

**Vote:** Motion for **\$200,000 LINE ITEM failed 9-9 with Beck, Christiaens, Cobb, Jergeson, McCarthy, Nelson, Shea, Tester, and Waterman voting aye.**

**SEN. COBB** suggested the only other way would be to pull \$500,000 out of their budget because they already guaranteed they're going to get the money. It was actually a net of \$300,000.

**Ms. Gray** said that was the agreement--the \$500,000 that they would find this year.

**SEN. COBB** asked if **Mr. Swysgood** would object if they just line itemed it--pulled the money out of the budget from them.

**Mr. Swysgood** reiterated that his conversation with the director was that they find \$500,000 with the staff she had on hand. As far as line iteming, he was not a great believer in tying their hands.

**Motion:** **SEN. COBB moved TO LINE ITEM \$200,000 GENERAL FUND PLUS THE FEDERAL MONEY FOR 5 STAFF AND CONTRACTED SERVICES TO DPHHS AND TAKE OUT \$500,000 GENERAL FUND OUT OF THE DEPARTMENT.**

**SEN. COBB** said the reason was because they had guaranteed to find \$500,000 with their existing staff and they might find additional money.

**SEN. BECK** asked **SEN. STAPLETON** if he understood what was being done and **SEN. STAPLETON** said no. **SEN. BECK** explained that what the Department has asked to do was to make sure there was \$500,000 coming back. It wasn't line itemed--it was just an agreement. With the amendment, the \$500,000 would show up. He said that **SEN. COBB** wanted to take \$200,000 of that and get it earmarked for getting the FTE going. He said it wouldn't help a real lot maybe even for FY03. But he thought if there was any chance of getting some of the \$3-5 million being talked about,

the human services program would really be helped. He supported **SEN. COBB** on his amendment.

**SEN. STAPLETON** advised if it was something **SEN. BECK** wanted, he could support it. His issue was that he could not remember what they did six hours ago. He recalled they fought and argued over an amendment of **SEN. COBB'S** for wanted disclosure because of not knowing what cuts were made. He didn't even know what they were voting on, it would be approved and go on and this happened in the last session. Every time they got to **DPHHS**, he felt, the papers would go away and they would start talking concepts and throwing out millions and they all pass it. The only people who know what happened were **SEN. WATERMAN**, **SEN. COBB**, and **SEN. KEENAN**, he said.

**SEN. WATERMAN** suggested there was a seat coming open on that committee. She thought he should go on there and then he would understand.

**SEN. JOHNSON** said the issue needed study and it was something they didn't need to add in this session. He felt the department could do what they can with the \$500,000 and then see what happens for the next session.

**CHAIRMAN KEENAN** said the fact remained that the department could do this without any direction from them.

**SEN. COBB** said that what his amendment would add \$300,000 to the general fund which is a cut. \$200,000 would be earmarked to get staff going and in return they were reverting \$500,000 to the general fund.

**SEN. ZOOK** asked which part of the bill the money was coming from and where was it shown.

**SEN. COBB** said it would come out of human services. It would be just like the 1% across the board cuts. They would take whatever percentage they need out of human services.

**SEN. ZOOK** asked if it was not just showing it in some language in HB 2.

**SEN. COBB** said it would just be a line item for \$200,000 and a reduction of \$500,000 taken out of the budget.

**SEN. ZOOK** said there had to be a place he was taking it from.

**SEN. COBB** said it was just like the 1% across the board. They were just going to take whatever they need out of their budget.

**Ms. Steinbeck** said on page B-4 line 19, the \$7.9 million would be reduced by \$500,000. A new line item would be created for \$200,000 general fund and \$200,000 federal funds. It would be restricted. The language would say this appropriation could only be used for personal services and contracted services to refinance existing general fund expenditures and claim additional federal revenue.

**SEN. ZOOK** asked if it would be out of the operation and technology division.

**Ms. Steinbeck** said they would probably also add language similar to the reductions that were made across the board. That they could spread the \$500,000 reduction among programs as necessary.

**SEN. BECK** asked if the department anticipated getting the \$500,000 as revenue.

**Ms. Gray** said they definitely did.

**SEN. BECK** said it didn't show up anywhere in any of the budgets at the moment.

**Ms. Gray** said that would be correct.

**SEN. BECK** asked if the \$500,000 did come in, and if they passed the amendment, would it be a wash.

**Ms. Gray** didn't think so. They would spend up to \$200,000 and then should collect more than the \$500,000 they were guaranteeing. That would go to the general fund.

**SEN. BECK** pointed out that once the money came in, it would go to the general fund. It would be a wash. There could be more that comes in, but they were not hitting the general fund.

**SEN. JERGESON** said there was something really "Lord of the Flies" about all this. Somehow or another, this department had been put under, he thought, unbearable and excruciating examination and without any positive response to speak of from the committee all afternoon. This business that they had to give up money to do something didn't make any sense to him and yet they'd reached this really sorry state. And yet, he continued, this afternoon \$1 million was put back in to a different department and it took all of two or three minutes of discussion. He said he was amazed and that it was not a bright moment for this committee which has been one that's been usually one of the stellar committees in the whole legislature. He didn't think he could vote for the

amendment because it wasn't making any sense to him and said shame on us for not having adopted the previous amendment.

**Vote:** Motion CONCEPTUAL MOTION TO LINE ITEM \$200,000 GENERAL FUND AND FEDERAL FUNDS FOR CONTRACTED SERVICES AND TAKE \$500,000 OUT OF DEPARTMENT BUDGET failed 9-9 with Beck, Christiaens, Cobb, McCarthy, Nelson, Shea, Tash, Tester, and Waterman voting aye.

**Closing by Sponsor:**

CHAIRMAN KEENAN advised REP. LEWIS had waived his right to close.

**Motion/Vote:** SEN. WELLS moved that HB 2 BE CONCURRED IN AS AMENDED. Motion carried 10-8 with Christiaens, Cobb, Jergeson, McCarthy, Nelson, Shea, Tester, and Waterman voting no.

Ms. Purdy advised that they were about even in what they had taken and what they had added back in.

**ADJOURNMENT**

Adjournment: 8:50 A.M.

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SEN. BOB KEENAN, Chair

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PRUDENCE GILDROY, Secretary

BK/PG

**EXHIBIT**(fcs04aad)